

Navopache Electric Co-op

October 12, 2004

Ms. Jean Gray
Financial Manager
WAPA Desert Southwest
Post Office Box 6457
Phoenix, Arizona 85005

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Date	Initial	Code
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Re: Comment on GPCP and Parker-Davis Contract Provision Section 12

Ms. Jean Gray:

Navopache has observed the customer Western dialogue for the last six months on the provisions of the P-DP Contract Section 12 and the proposed revisions to the General Power Contract Provisions (GPCP). Navopache commends all of those who have participated and particularly thanks Western for keeping open a comment period.

Navopache has a unique experience concerning one of these issues. Navopache is the prime example of why there needs to be some protection in the GPCP and the P-DP Contracts for entities like Navopache who suffer unfairly by the actions of another preference customer. After the Plains merger, Navopache's resulting loss of access to CRSP is well documented and well known. Such an event should never again be allowed to occur. Western must implement GPCP and/or P-DP contract provisions which will not allow recurrence of that tragedy. The philosophy, spirit and intent of Federal Power Marketing was frustrated by unintended contract language interpreted to the disadvantage of Navopache.

None of the commentators have pointed to a single illustration or hypothetical demonstrating a disadvantage to a preference customer from use of language proposed by Western. There are theories, but no examples. The only example is Navopache, and what happened to Navopache should not be permitted by Western to happen again to any customer or beneficiary.

On the other hand, Navopache appreciates the concerns being expressed and hopes that Western will address them in a manner mutually agreeable. Navopache does not want to see its newly created CRSP contract rights with Western diminished.

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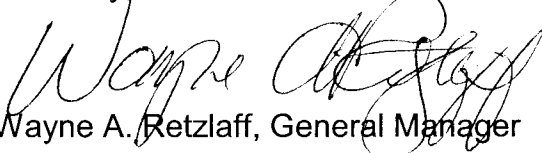
However, Navopache hopes and expects Western will adopt language in the GPCP and P-DP Contracts that will prevent recurrence of the tremendous injustice done to it with regards to CRSP upon the event of the merger of Plains in Tri-State.

Navopache believes and requests that Western recognize customer contracts are sacred and valuable. Navopache supports the efforts of those who would like to see the GPCP language and the P-DP language drawn as narrowly as possible so as to limit the risk of potential inadvertent loss by customers of contract rights upon the happening of some yet to be defined future event.

In conclusion, continue with your work but please, in your final work product, assure us that what happened to Navopache as a result of the Plains-Tri-State merger concerning benefits of CRSP will never happen again to another customer, nor anything similar. I've included suggested language for the Section 12 considerations, in case it could be helpful to your process.

Navopache Electric services over ten thousand square miles of land in Arizona and New Mexico to over thirty thousand meters; and within its boundaries, it encompasses the White Mountain Apache Tribe. Navopache Electric is a non-profit Arizona corporation operating as a rural electric utility.

Sincerely,



Wayne A. Retzlaff, General Manager

WAR/ms

Enclosure: Suggested Section 12 Language

cc: Board of Directors w/Enclosure
General Counsel w/Enclosure

RESTRICTED LANGUAGE SECTION 12/GPCP LANGUAGE

Subsequent to the execution of a Western contract because of a merger or change in status or other action where an eligible preference entity is deprived of contract benefits then, after notice to all affected parties and conclusion of a process of review of the actions, the Administrator may modify or reduce the contract or act otherwise to restore the benefits of preference power to the entity deprived of benefits.

Upon finding there have been or appear to be contractor actions or activities concerning or affecting the contract not in compliance with established Western Federal Power Marketing rules, policies, regulations and/or federal law, the Administrator upon notice can initiate an inquiry process, and this process shall afford the contractor an opportunity to respond, to be heard and, if necessary, to cure or otherwise come into or demonstrate compliance within a reasonable time as determined by the Administrator; failing which the Administrator may take action to modify, reduce or cancel the contractor's Western contract.